Pricing Electronic Mail To Solve the Problem of Spam

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Abstract

Junk email or spam is rapidly choking off email as a reliable and efficient means of communication over the Internet. While the demand for human attention increases rapidly with the volume of information and communication, the supply of attention hardly changes. Markets are a social institution for efficiently allocating supply and demand of scarce resources. Charging a price for sending messages may help discipline senders from demanding more attention than they are willing to pay for. Price may also inform recipients about the value of a message they read it. This paper presents an economic model and the results of two laboratory experiments to explore the consequences of a pricing system for electronic mail. Charging postage for email causes senders to be more selective and to send fewer messages. However, the recipients did not use the postage paid by senders as a signal of message importance. These results suggest that markets for attention have potential for addressing the problem of spam, but that their design needs more work.

Keywords:
Economics of spam, junk, pricing e-mail, market for attention

JEL Codes: D40, D61, L50, L86, L96, O33